



General Assembly

January Session, 2001

Proposed Bill No. 5126

LCO No. 736

Referred to Committee on Commerce

Introduced by:

REP. SAMOWITZ, 129th Dist.

AN ACT CONCERNING THE URBAN SITES REINVESTMENT PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 That sections 38 and 39 of public act 99-170 and title 4 of the general
2 statutes be amended to (1) establish an Urban Sites Remediation
3 Program Revolving Fund and allocate One Hundred Million dollars of
4 the state budget surplus for the fiscal year ending June 30, 2000, to said
5 fund, and require that any of said original amount of said fund not
6 committed by the Commissioner of Economic and Community
7 Development by June 30, 2002, shall lapse and be transferred to the
8 General Fund, (2) amend the Urban Sites Remediation Program to (A)
9 require that the Commissioner of Economic and Community
10 Development shall, within available resources of said fund, use said
11 fund resources to purchase any available installment for tax credits for
12 an eligible urban revitalization project for which the project qualifies
13 for a tax credit under subsection (i) of said section 38 at fifty per cent of
14 value that is unclaimed by any other person by April 30th of the year
15 the tax credit becomes available, however nothing herein shall prevent
16 the taxpayer from otherwise selling the tax credits to any other person

17 under conditions herein set forth, (B) the said commissioner may if it
18 benefits an urban revitalization project enter into an agreement with
19 the taxpayer entitled to the tax credits under said subsection (i) of said
20 section 38 to provide a loan that provides proceeds to purchase all or
21 some of the tax credits under the said public act, based upon fifty per
22 cent of the value of any tax credit that have not otherwise become
23 available when the project initially qualifies as an eligible urban
24 revitalization project or at any time that the project qualifies as an
25 eligible urban revitalization project, (C) the commissioner may for the
26 benefit and with the consent of an urban revitalization project enter in
27 an agreement to pledge the full faith and credit of the State to insure
28 the principal of any mortgage that benefits such project will be repaid
29 when due and allow commissioner to enter into a repurchase
30 agreement or take a security interest in the real estate , proceeds of any
31 sale of tax credit subordinate to any recapture provision, and (D) allow
32 any such taxpayer to sell, at any time, any said tax credit or credits
33 either to the commissioner, or to any other taxpayer, for any price,
34 provided if the taxpayer sells the tax credit or credits to another
35 taxpayer besides the commissioner unless otherwise forgiven by the
36 commissioner the taxpayer shall repay the loan by April 15th of the
37 year following when the tax credit becomes available or repaid on such
38 terms and conditions as agreed upon by the Commissioner in order to
39 assure that the mortgage payments insured by the commissioner have
40 priority in payment or in furtherance of this program and payment
41 made by transmitting to the commissioner that portion of the selling
42 price that equals fifty per cent of said value shall be deposited in
43 Urban Sites Remediation Fund, and (E) require the commissioner to
44 deposit the proceeds from all sales of tax credits under this act in the
45 Urban Sites Remediation Program Fund and use said proceeds for
46 making additional tax credit purchases or as mortgage insurance
47 under this act, (3) in addition to the security interest provided by the
48 project, the Urban Sites Remediation Fund may establish a reserve to
49 cover any insurance made to pledge of the full faith and credit of the
50 state to cover the principal amount of any investment made to a fund

51 manager or the mortgage made the developer of an eligible project and
52 (A) the Commissioner of Economic and Community Development
53 shall use the resources of the Urban Sites Remediation Program
54 Revolving Fund to insure investments in (i) eligible projects under said
55 program and (ii) funds of approved fund managers created for the
56 purpose of investing in such projects, (B) said commissioner may
57 negotiate terms and conditions with the eligible project and mortgage
58 provider for insurance of the mortgage, including but not limited to,
59 when a default can not be cured and when the mortgage holder may
60 elect to transfer of the mortgage or property to the commissioner in
61 order to receive insurance payment of the principal and conditions for
62 approval of any security interest in (i) the real property for which any
63 such insured investment is made and (ii) not more than eighty per cent
64 of the proceeds from any tax credits sold to any person, except the
65 commissioner, accruing from such investments and (C) thirty per cent
66 of such security interests shall be subordinate to the tax credit
67 recapture provisions of said section 38 unless the commissioner waives
68 said recapture provisions for the purpose of protecting such security
69 interests, and (4) any taxpayer required to pay taxes may elect not to
70 recognize income until state control over the project and right to
71 recapture has ended (5) authorize the commissioner to use the fund to
72 cover any cost incurred in its administration.

Statement of Purpose:

To promote urban revitalization and brownfields remediation, increase the effectiveness of tax credits under the Urban Sites Remediation Program, reduce mortgage cost by insuring investments in urban revitalization or brownfield remediation or provide for revenue savings to the state by purchasing the tax credits for half the value.